

ARTICLE APPEARED
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U.S. NEWS AND WORLD REPORT
20 May 1985

"Information Boutiques"— Intelligence for a Price

Former government agents, academics are striking gold by selling guidance about foreign developments to business.

NEW YORK

A few years ago, an ex-CIA agent walked into the headquarters of Security Pacific Bank in Los Angeles and said his new company could provide useful information. He knew, for example, that Spanish officials were lying about their country's inflation rate. "I was amazed," recalls Richard Kjeldsen, the bank's international economist. "I thought he would be talking about people running around with Molotov cocktails—not economic affairs."

Now, such visits are commonplace as former State Department officials, academics and espionage agents, plus business executives with international connections, sell their expensive insights into the twists and turns of foreign economic and political events.

For companies needing guidance about foreign lands, there is no lack of sources—

- A dozen large corporations pay \$2,000 a month for Oxford Analytica, an Oxford, England, service that issues electronically a daily news analysis.

- InterMatrix Group of Westport, Conn., charges \$400,000 a year for a data-base service giving in-depth assessments of specific issues and countries.

- For something over \$100,000 a year, Henry Kissinger will explain nu-

ances of international affairs to corporate chieftains. His firm cloaks itself in mystery—the door to its Manhattan offices says merely "Suite 1100."

In Washington, a multitude of one-time Central Intelligence Agency directors and operatives have formed similar companies. Former CIA Director William Colby spends part of his time working for International Business-Government Counsellors, Inc. Richard Helms, another ex-director, advises clients such as the Bechtel Group on Mideast security matters. Andrew Falkiewicz, once

assistant director of the CIA under George Bush, runs a company called Dunedin Corporation with five former CIA analysts.

Alexander Haig, former Secretary of State, likewise trades his knowledge of foreign leaders for a fee, as do many lesser ex-State Department officials.

Cox, Lloyd Associates, a New York research house, estimates that businesses in 1984 spent 3 billion dollars on news and information—a figure that increases about 10 percent each year. Though the bulk of that money goes for conventional news and financial-information services, Connie Cox, president, notes that scores of "information boutiques" with revenues of less than 2 million dollars now offer what could be described as private intelligence. Observes Cox: "It's enough to keep a number of people living comfortably."

What information is worth that kind of money? A Long Beach, Calif., organization called Business Environment Risk Information predicted in December of 1980 that President Anwar Sadat of Egypt would be assassinated within a year or two. Ten months later, the prediction came true.

BERI also forecast an Iraqi invasion of Iran nine months before it occurred. Yet it said India's Prime Minister Indira Gandhi stood only a 10 percent chance of assassination—adding that if she were killed, a military takeover would ensue. Gandhi was later murdered, and there was no military coup. BERI charges \$144 a year for a newsletter and \$400 per country for specific reports.

Humble pie. Dunedin Corporation correctly forecast the results of local West German elections that led to the victory of Chancellor Helmut Kohl in

1982. Bank clients of Dunedin were interested in local elections because of business dealings at those levels. But Dunedin did not expect Mikhail Gorbachev to take over the Kremlin leadership. "Despite the fact that we spend a lot of time dealing with the U.S.S.R., I am humble in our ability to predict things that come out of the Politburo," says Falkiewicz, who served in the Foreign Service in Moscow.

Kissinger gave Merck & Company advice that France under François Mitterrand would be tough on foreign businesses. At that time, the Rahway, N.J., drug firm was considering a substantial investment there. Despite Kissinger's warning, says William Van Buren, vice president and secretary of Merck, "we decided it warranted additional private investment."

Sometimes, these information services wield too broad a brush for their clients. James Bisch, a senior vice president of Chase Manhattan Bank, says he would like Oxford Analytica to focus more on the business ramifications of its reports. But, in general, "we're quite satisfied," he adds.

Though former CIA and State Department people abound in these organizations, they disclaim use of clandestine methods to gather information, or reliance upon contacts at Langley or Foggy Bottom. "If asked," says Thomas Bolle of Dunedin, "we tell clients we are not a conduit for confidential information." He says that Dunedin relies on the experience of senior associates "who have spent a lot of time in their specific areas of responsibility."

Kissinger obtains insights from his continual global travels and friendships with influential figures. Others such as InterMatrix have local contacts they query for analyses.

Timing a key. Corporations pay well for information though it may be available for 50 cents—the cost of a business newspaper. Timing is one reason. Many services claim to have contacts inside governments. They say they can alert clients to events before they become public. "Since day one," says Walter Wriston, former Citicorp chairman, "people have wanted to know something first, whether it's a crop failure in Argentina or the amount of money the Treasury is going to raise." Citicorp is often solicited by private intelligence experts but relies on its own staff abroad.

Yet many businesses do need guidance on unfamiliar topics or nations. Daniel Sharp, director of international relations at Xerox, says the appeal of information consulting services is that they help his company follow the business environment abroad. A good ser-

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